

REMARKS

Claims 30, 32-34, 36-44, 46-50, and 52-56 remain in this application. Claims 1-29, 31, 35, 45, 51, and 57-61 have been canceled. Claims 30, 34, 37, and 48 have been amended.

Before addressing the merits of the rejections based on prior art, Applicant provides the following brief summary of the claimed invention. The invention generally relates to a system and method for video content distribution and billing that utilizes a portable electronic storage device configured to uniquely interface via a proprietary physical connector with an interactive kiosk and a set-top box. Unlike the prior art, the invention makes it possible to store both the video content and the customer's view / usage data on a portable storage device configured to manually interface with kiosks that allow the customer to select the desired video content and thereby pay for use of the video content. In particular, the user may be billed for only those portions of the video content that has been viewed and may be billed for the number of times video content has been viewed, as determined by the view / usage data written directly to the portable storage device. In one embodiment, illustrated in Fig. 1A, a customer 108 accesses a publicly accessible kiosk 102 and loads video content onto the portable video content storage device 104, also referred to as a wallet. See page 9, lines 3-14.

The user 108 accesses the video content by manually attaching or inserting the storage device 104 into a compatibly configured set-top box 106 that plays the video content over a television set 110. The set-top box 106 accumulates and stores data relating to the user's use of or viewing of the video content directly on the storage device 104. See pages 9-10; Claims 30, 37, 48. The view / usage data is read upon a subsequent return to the kiosk 102 so that the user 108 can be appropriately charged. By storing view / usage data on the portable content storage device 104 and transferring the use data to the kiosk 102 upon a subsequent visit to the kiosk, it is possible to charge customers on a pay-per-view basis for only those portions of the content that are viewed without the need for a separate communication link with the customer (e.g., a telephone line between a billing office and the customer's home). See page 9, lines 3-14; Claims 30, 32-34, 36.

The portable storage device 104 is capable of storing video data of at least MPEG-2 quality and is preferably sized to store several movie-length digital video files. See page 10, lines 14-19; Claim 30. As further illustrated in Fig. 3A, the portable storage device 312 protects against unauthorized access to the data stored thereon by employing a security module 308 to digitally encode data stored in the non-volatile memory 306 and a custom connector 310 that is incompatible with industry standard connectors. See page 3, lines 1-2; page 11, lines 20-29; page 12, lines 12-15; Claims 30, 33, 34, 37, 48.

The portable video storage device 312 is configured to be accessed only by a compatible kiosk 102 and a compatible set-top box 106 (see Fig. 1A). It is important to note that the controller 304 inside of storage device 312 controls the memory 306, and the memory 306 is compatible with the controller 304 but is incompatible with industry standard controllers (see Fig. 3A). This further limits access to the content stored on the storage device for security purposes. See page 11, lines 30-31; page 12, lines 1-6; Claims 30, 34, 37, 48.

The invention further comprises a kiosk 402, illustrated in Fig. 4, and preferably located in a public place such as a supermarket or shopping mall. The user manually inserts the portable storage device 104 into a slot 424 in the kiosk, causing it to mate with a connector 354 that is compatible with the portable storage device 104 but incompatible with industry standard connectors. See Claims 30, 34, 37. In one embodiment, the user interacts with the kiosk via a touch screen display interface 414, although additional user interfaces may be used. A processor 406 inside the kiosk controls a system bus 412 that communicates with a storage device controller 426 adapted to read and write video data and view / usage data to and from the portable storage device 104. A content mass storage module 422 stores video data that may be encrypted to prevent unauthorized access. The mass storage module 422 preferably stores dozens of movie-length video programs within the kiosk. Using the touch screen display 414, the user is able to transfer video data from the content mass storage module 422 to the portable storage device 104. Video view / usage data is transferred from the portable storage device 104 to the kiosk system memory 408, and system software 432 operates to calculate payment amounts based on the user's view / usage

data. The kiosk is adapted to include a bill and coin collector 418, and / or a credit card reader 416 to accept user payments. Security of the video content data and the view / usage data is ensured by a combination of data encryption and the use of an electrical connector 345 that is substantially incompatible with industry standards. See pages 18-19; page 21, lines 11-15, 24-29; Claims 30, 33-34, 36-38, 48-50.

The invention further comprises a set-top box 106 adapted to interface with the portable storage device 104 to play video content on a television set 110 or similar device. See Fig. 1A. Like the kiosk, the set-top box includes a connector that is compatible with the portable storage device but substantially incompatible with industry standard connectors. See Claim 48. Fig. 8 illustrates the process by which a user may view the video content using the set-top box and the portable storage device. At step 802, the user inserts the portable storage device into the set-top box, causing it to electrically and mechanically mate with a custom connector that is substantially incompatible with industry standard connectors. Video content is then read from the storage device at steps 806, 812, and 814 and presented to the user via a television or similar device. Usage and viewing data is then written back to the portable storage device at step 816, and the storage device is released from the set top box at step 818. See page 26, lines 18-25; page 28, lines 23-31; page 29, lines 1-28; Claims 30, 34, 48-49, 53.

Each of the foregoing elements of the invention is advantageous for securely distributing video content, for allowing a user to be billed based on actual use without the need for a separate data connection between the user's home and the video distributor, and for displaying the video content on a user's television or similar device at a time of the user's choosing. As further discussed below, the above-described elements are not suggested or disclosed by the prior art.

Rejections Based on Prior Art

The Examiner rejected all of the claims under 35 U.S.C. § 103(a) as unpatentable over Lewis in view of Stafford. Applicant respectfully traverses these rejections.

As a preliminary matter, the Examiner's reliance on Stafford is inappropriate as Stafford is not analogous prior art. In determining obviousness under § 103, the prior art must be evaluated to determine (1) whether the art is from the same field of endeavor, or (2) if not within the inventor's field of endeavor, is still pertinent to the particular problem the inventor is trying to solve. *In re Clay*, 966 F.2d 656, 659 (Fed. Cir. 1992). A determination that prior art is analogous "begins the inquiry into whether a skilled artisan would have been motivated to combine references by defining the prior art relevant for the obviousness determination, and that it is meant to defend against hindsight." *In re Kahn*, 441 F.3d 977, 987 (Fed. Cir. 2006). Indeed, if the reference is "directed to a different purpose, the inventor would accordingly have had less motivation to consider it." *Clay*, 966 F.2d at 659-660.

Stafford is directed toward a BIOS ROM device for personal computer systems having multiple switchable interfaces in order to make it compatible with industry-standard test equipment even while it may have a proprietary in-system interface. The simple fact that both Stafford and the present application have something to do with memory devices does not mean that they are directed to the same field of endeavor. BIOS devices are directed toward providing a very limited amount of data to a microprocessor to allow it to boot up and recognize other input devices such as system memory and mass storage devices. The present application, on the other hand, is directed toward large mass storage devices that can store upwards of one hour of television-quality video data. As such, the fields of endeavor are not the same.

Furthermore, Stafford is not directed at a problem the present invention is trying to solve. By providing a programmable, switchable BIOS ROM interface, Stafford is attempting to increase the accessibility of the BIOS ROM to industry-standard test equipment. The present invention is directed to precisely the opposite problem -- that of limiting access by using protocols and connectors that are incompatible with industry

standards. A designer seeking to limit access to a mass storage device thus would not be motivated to look to a reference that teaches adding switchable interfaces to a BIOS ROM device to make it readable by industry standard test equipment. Thus, Stafford is not directed to a problem the present invention is trying to solve and is not analogous prior art. The Examiner's reliance on Stafford is this inappropriate, and the rejections of all of the claims of the present application should be withdrawn for at least this reason.

Even if Stafford were analogous prior art, the Examiner has improperly rejected the claims under § 103. MPEP § 2143 states the basic requirements for a *prima facie* case of obviousness under § 103(a) as follows:

To establish a *prima facie* case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there must be a reasonable expectation of success. Finally, the prior art reference (or references when combined) must teach or suggest all the claim limitations.

The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, not in applicant's disclosure. *In re Vaack*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991).

The Supreme Court recently had the opportunity to review this test, and while cautioning against applying it too rigidly or formulaically, affirmed its fundamental soundness, characterizing the test as "a helpful insight" and not inconsistent with Supreme Court obviousness jurisprudence. *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. ___, 127 S. Ct. 1727, 1741 (2007). With regard to the claims of the present application, the Examiner has failed to make a *prima facie* case for a rejection under § 103 because no motivation for the combination of references is articulated and because the proposed combination fails to teach or suggest all elements of each claim.

With regard to independent Claim 30, the proposed combination of references at least fails to disclose "a security module that connects with and limits access to the memory." The Examiner notes that Lewis teaches a storage device that may contain scrambled data. See Office Action, page 4. However, scrambling of data is a security method (also discussed in the present application) that has nothing to do with the

security module of Claim 30. Data scrambling affects the data itself before it is even written to the memory storage device. By contrast, the security module disclosed in Claim 30 is a hardware security device that limits access to the memory itself by providing a communication protocol and hard wiring that is incompatible with industry standards. See Application, page 11. The security module is thus operative whether or not the data is scrambled and is completely independent of data scrambling. The Examiner's suggestion that scrambled data disclosed in Lewis renders the security module of the present application obvious is thus simply incorrect. Because at least this element of Claim 30 is not disclosed by the combination of references, the rejection of Claim 30 is inappropriate and should be withdrawn.

In addition, with respect to Claim 30, the combination of references fails to disclose or suggest the storage of "content use data directly onto the storage device, wherein the content use data comprises at least a number of times the securely stored video content is accessed and portions of the securely stored video content that are accessed." Nor do the references suggest a kiosk that is "adapted to calculate a usage fee based on at least the number of times and the portions of the securely stored video content that are accessed." The Examiner suggests that the VPR/DMS of Lewis meets these limitations by providing "electronic monitoring and logging of all transactions." See Office Action, page 5. However, the single paragraph of Lewis that refers to such monitoring and logging is directed toward licensing and distribution, noting that such mechanisms "might be executed by random sampling, periodical monitoring or retrieval of statistical data about distribution . . ." Lewis, ¶ 260. However, keeping track of whether a licensed product has been distributed is not the same thing as monitoring how much of and how often a user has viewed video content and generating fee bills based on how much of and how often the content is viewed. Lewis does not discuss use-based billing as recited in Claim 30, and it further makes no mention of storing content use data "directly onto the storage device" as Claim 30 requires. Because the combination of references also fails to disclose at least these elements, the rejection of Claim 30 is inappropriate and should be withdrawn.

Further the Examiner acknowledges that Lewis fails to disclose "first, second and third connectors are incompatible with industry standard computer systems," as

required by Claim 30. To make up for this deficiency, the Examiner proposed to add Stafford. However, as discussed earlier, Stafford is not analogous prior art, and further, teaches away from the present invention. Stafford teaches a programmable, switchable interface to enable a BIOS ROM to be accessed by industry standard test equipment. However, the present invention is directed at **limiting access** by industry standard equipment, not at enabling easier access by such equipment. The Examiner's statement that it would be obvious "to modify Lewis with the teaching of a proprietary interface, for the desirable advantage of limiting access to the devices and/or content" shows that Stafford has been misinterpreted since it is directed at enabling and not limiting access to proprietary devices. See Office Action, page 6. Because Stafford teaches away from the present invention, the Examiner has failed to articulate a motive as to why one skilled in the art at the time of the present invention would have been motivated to look to Stafford for guidance. Thus, the rejection of Claim 30 is inappropriate for at least this additional reason and should be withdrawn.

Inasmuch as Claims 32 ad 33 depend from Claim 30, the Examiner's rejection of these claims is also inappropriate and should be withdrawn.

With respect to independent Claim 34, the Examiner applies the same reasons for rejection as with respect to Claim 30. Inasmuch as Claim 34 is related to Claim 30 but directed to a method rather than an apparatus, it includes much the same limitations as does Claim 30, and the Examiner's rejection of Claim 34 is inappropriate for the same reasons discussed above with respect to Claim 30. The rejection of Claim 34 should also be withdrawn.

Claim 36 depends from Claim 34 and inasmuch as the Examiner's rejection of Claim 34 is invalid, the rejection of Claim 36 should also be withdrawn.

Independent Claim 37 is also similar to Claim 30, and the Examiner provides no arguments for its rejection other than referring to the arguments applied to Claim 30. Notably, Claim 37 also includes the limitation of a mass storage module "compatible with the controller but the mass storage module is incompatible with industry standard controllers," much like the security module interfaced to the memory device of Claim 30. Claim 37, as amended, also includes the limitation of a storage module "configured to store content use data relating to the use of the video content stored on the storage

device, wherein the content use data comprises at least a number of times the video content is accessed and portions of the video content that are accessed." Thus, for the same reasons discussed above with respect to Claim 30, the rejection of Claim 37 is also inappropriate and should also be withdrawn.

Claims 38-44 and 46-47 depend from Claim 37, and inasmuch as the Examiner's rejection of Claim 37 is inappropriate, the rejections of Claims 38-44, and 46-47 are also inappropriate and should be withdrawn.

Independent Claim 48 is also similar to Claim 30, and the Examiner provides no arguments for its rejection other than referring to the arguments applied to Claim 30. Notably, Claim 48, as amended, includes the limitation of a processor that is "configured to upload the accumulated content use data to a kiosk for calculating a fee based at least upon the amount of use of the video content." As explained earlier with respect to the similar limitations of Claim 30, the cited references fail to disclose at least this element. For this reason, and for the other reasons discussed above with respect to Claim 30, the rejection of Claim 48 is inappropriate and should be withdrawn.

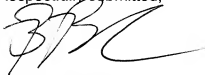
Claims 49-50, and 52-53 depend from Claim 48, and inasmuch as the Examiner's rejection of Claim 48 is inappropriate, the rejection of Claims 49-50, and 52-53 are also inappropriate and should be withdrawn.

In view of the foregoing, the Applicants respectfully submit that Claims 30, 32-34, 36-44, 46-50, and 52-56 are in condition for allowance. Reconsideration and withdrawal of the rejections is respectfully requested, and a timely Notice of Allowability is solicited.

To the extent it would be helpful to placing this application in condition for allowance, the Applicants encourage the Examiner to contact the undersigned counsel and conduct a telephonic interview.

To the extent necessary, Applicants petition the Commissioner for a two-month extension of time, extending to September 2, 2008 the period for response to the Office Action dated April 1, 2008. The Commissioner is authorized to charge \$230 for the two-month extension of time pursuant to 37 CFR §1.17(a)(2) and any shortage in fees due in connection with the filing of this paper, including extension of time fees, to Deposit Account No. 50-0639.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'B. Berliner', written over a horizontal line.

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